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Research News for the U.S. Travel Industry

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TRAVEL PRINTOUT

US Travel Data Center

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Travel Industry Endures Recessionary Periods

There is growing concern over the current condition and future of the U.S. economy and how the travel industry will endure if an economic downturn does occur.

To get a better perspective on how the industry fared and how consumers' behavior changed during past economic recessions, the Data Center has completed a brief historical perspective on our last recession and its aftermath.

The 1981-82 recession did have an affect on the volume of travel. According to the National Travel Survey, the number of person-trips decreased 7 percent in 1982 and did not begin to show an increase until 1985. (A person-trip is one person traveling 100 miles or more away from home).

Many have suggested that the economy is already in a recession. If the volume of travel is any indication, the economy has not had a major affect on the travel industry. In fact, through the first eight months of 1990 total travel has increased more than 3 percent over the previous year. (See page 2).

One aspect of travel that was affected by the 1981-82 recession was consumers' travel habits. Travelers combined vacation trips with business trips, joined short trips into a long one and doubtless explored other ways to continue an activity that has become an intregal part of their lifestyle.

In spite of the change in consumers' habits, hotels and motels maintained relative success. One of the reasons for the success was travelers' combination of business and vacation trips and their higher propensity to use paid accommodations on longer distance trips.

The percentage of travelers using hotels and motels remained relatively stable between 1982-85, while the supply of rooms continued to grow at an annual rate of 6 percent.

Vacation travel recovered more quickly than other types of travel after the 1981-82 recession . After showing a slight decrease in 1983, vacation travel jumped more than 7 percent in 1984.

During this period, travelers consolidated their vacation travel of several short trips into fewer longer ones and vacation trips became longer in duration and distance during the recession. Round-trip distance for vacation travel, for example, rose from 800 miles in 1981 to 900 miles in 1983 and the average duration rose from 5.6 nights to 6.2 nights.

The share of weekend vacation trips also fell from 48 percent in 1981 to 44 percent in 1983.

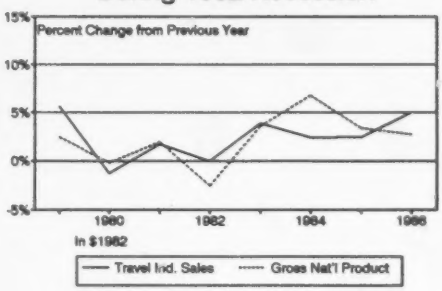
Vacation travel for families with an income under $20,000 dropped 6 percent between 1981-83, while families with an income of $30,000 plus increased 5 percent.

There are some indications that gasoline shortages and rising prices may affect the travel industry more than economic recessions. According to the Data Center's *1989-90 Economic Review of Travel in America*, real travel industry receipts, after adjusting for inflation, did not decline during the last recession but did fall when petroleum prices soared in 1980. (See graph).

Even though real travel sales did not decrease during the last recession, the industry was slower to recover than the overall economy as consumers chose to satisfy their pent-up demand for durables at the expense of maintaining previous levels of vacation travel in the years following.

(Continued on page 3)

Real Travel Sales Outpaced GNP During 1982 Recession



INSIDE: *Data Center Insider* releases schedule for 1990 Travel Review Conference

Motor Fuel Prices Lead to Travel Price Increase

After decreasing in September, the cost of travel in the United States increased nearly 1 percent in October. The increase was largely due to motor fuel prices, which jumped more than 6 percent in October, according to the Data Center's latest Travel Price Index (TPI).

The TPI, which measures seasonally unadjusted changes in the cost of travel in the U.S. increased to 140.7 (1982 - 84 = 100) during October.

For comparison, the overall cost of goods and services Americans purchased as measured by the Consumer Price Index (CPI) rose 0.6 percent to 133.5.

Travel Price Index and Components

October 1990 TPI Component	Monthly % Change Sept. 1990 to Oct. 1990	Annual % Change Oct. 1989 to Oct. 1990
Transportation	4.6	25.7
Airline Fares	[illegible]	15.7
Other Intercity Trans.	-0.3	6.0
Intracity Public Trans.	0.3	6.4
Motor Fuel	6.2	33.7
Lodging	-1.0	13.5
Food and Beverages Away From Home	0.3	4.6
Entertainment	-0.7	5.9
TRAVEL PRICE INDEX	0.8	11.4
CONSUMER PRICE INDEX	0.6	6.3

Source: U.S. Travel Data Center and the U.S. Bureau of Labor Statistics

For the third straight month, motor fuel showed the largest increase in the month of October, due in large part to the Middle East crisis. Motor fuel also showed the highest increase over the last 12 months, increasing nearly 34 percent.

Overall transportation costs also showed a significant increase in October, increasing nearly 5 percent and jumping more than 25 percent over the last 12 months. Airline fares, intracity public transportation and intercity transportation costs showed increases over the last 12 months.

Over the past 12 month period, the TPI rose 11.4 percent, influenced by the increase in motor fuel and transportation. The CPI showed a more than 6 percent increase over the past 12 months.

August Travel Jumps 4 Percent

Even in the midst of the Middle East crisis, consumers are unwilling to forgo travel. Travel this August increased 4 percent over last August with more than 151 million person-trips taken by U.S. residents, according to the Data Center's latest National Travel Survey (NTS) results. (A person-trip measures each person traveling 100 miles or more away from home.)

After dropping slightly for the past two months, vacation travel increased more than 8 percent this past August, with nearly 118 million person-trips. The average duration of a vacation trip remained the same, 5.2 nights. The average party size of a vacation trip drop slightly from 2.2 last August to 2.1 this August.

Pleasure travel showed the highest increase in August, and its average round-trip distance also increased. The distance for pleasure travel increased from 880 round-trip miles last August to 900 miles this August.

Automobile travel jumped more than 6 percent with more than 121 million person-trips. Travelers who used the automobile as a mode of transportation traveled shorter distances, dropping from 670 round-trip miles last August to 640 this August.

Air travel showed a decrease in August, with more than 24 million person-trips, dropping nearly 1 percent. The average round-trip distance for air travel increased from 2150 miles last August to 2230 miles this year.

The average party size remained stable, with an average of less than 2 persons per trip in August. Pleasure and vacation travel both showed slight decreases in the average party size this past August.

The Great Lakes region hosted more than 20 million travelers in August, posting another substantial gain. The Midwest and West regions posted increases of 14.1 and 0.1 percent year-to-date, respectively. The Northwest and Southeast experienced declines in traveler volumes for the year-to-date.

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Despite sluggish growth in receipts during the last recession, industry employment outperformed overall employment in creating new jobs during the 1981-85 period, according to the *Economic Review*.

Employment in the travel industry has risen every year since 1958 despite five economic recessions. During the 1981-82 recession, the travel industry showed an increase of 72 thousand jobs. In comparison, there was a decline of 2.4 million jobs in the overall economy,

Travel appears to be a counter-recessionary force in the economy, helping to offset employment losses in other industries and moderating the recession's damaging effects on jobs and income.

Despite the recession's end in November 1982, total U.S. employment continued to decline for several months. Travel industry employment, on the other hand, produced healthy increases throughout the year. Since 1982, travel industry employment has grown 55 percent faster than jobs in the overall economy.

The 1989-90 Economic Review of Travel in the United States can be purchased for $60 by contacting the Data Center at (202) 293-1040.

Discoveries...

Ogilvy & Mather has released its 1990 anniversary edition of *Trends in Travel and Tourism Advertising Expenditures.*

Consumer media advertising by travel and tourism companies has increased from $100 million in 1964 to $1.19 billion in 1989, according to the report.

The study reports on advertising in the U.S. media by airlines, domestic and foreign destinations and cruise lines. The report covers the period of 1985 through 1989 and details various travel segments and analyzes leading advertisers.

Reports are available for $75. Send orders to Ogilvy & Mather, c/o Edward Berrol, 309 West 49th Street, New York, N.Y. 10019. For additional information on the report call (212) 237-4000.

"Discoveries" is a **Travel Printout** feature designed to give added exposure to all types of travel-related research.

To submit your company's travel research projects, send a brief description of the report, including the price, address and contact name, to Scott Dring, U.S. Travel Data Center, 1133 21st Street, Washington, D.C. 20036.

Travelers Combine Business, Vacation Travel

Nearly 24 percent of all business travelers included some type of vacation travel on an average business trip in 1989, according to the Data Center's *1989 Survey of Business Travelers*.

On nearly half of the business trips that included vacation, the vacation portions accounted for half of the time spent. Business travelers combining vacation with business travel were more likely to be women who have incomes under $30,000 per year.

More than one-third of all business travelers who combined business and vacation travel were self-employed. Fifty-one percent of all combined business and vacation trips included other household members and more than half used their own automobile.

The report, sponsored by the Reed Travel Group, said that 34 million U.S. adults took a total of 170 million business trips in 1989, a nine percent increase from 156 million taken the previous year.

The Survey of Business Travelers has tracked the growth and characteristics of U.S. business travelers and the trips they take on a monthly basis since 1984. It includes an overview of business travel, a profile of business travelers, characteristics of business trips, purpose of business trips, modes of transportation, accommodations and profiles of a number of business traveler segments.

The 1989 Survey of Business Travelers is available for $85 by contacting the Data Center at (202) 293-1040.

Visitor Volume at National Parks

Region	SEPT 1990 Visits	% Change from SEPT 1989	Year to Date % Change 1990/89*
NEW ENGLAND	1,790,786	-0.8%	0.9%
MIDDLE ATLANTIC	2,536,757	-15.3	-17.0
SOUTH ATLANTIC	7,702,627	-2.0	-9.2
EAST SOUTH CENT.	1,623,707	-16.9	-20.2
EAST NORTH CENT.	622,095	2.7	-0.1
WEST NORTH CENT.	977,549	-0.4	0.0
WEST SOUTH CENT.	720,529	-14.2	-7.1
MOUNTAIN	4,819,409	2.4	3.3
PACIFIC	4,792,412	-16.9	-20.2
TOTAL	25,585,871	-5.1	-7.4

* Percent change figures may not be consistent with those previously reported due to National Park Service revisions.

Census regions: New England: Conn., Maine, Mass., N.H., R.I., Vermont. Middle Atlantic: N.J., N.Y., Penn. S. Atlantic: Del., District of Columbia, Fla., Ga., Md., N.C., S.C., Va., W.Va. East South Central: Ala., Ky., Miss., Tenn. East North Central: Ill., Ind., Mich., Ohio, Wis. West North Central: Iowa, Kan., Minn., Mo., Neb., N.D., S.D. West South Central: Ark., La., Okla., Texas. Mountain: Ariz., Colo., Idaho, Mont., Nev., N.M., Utah, Wyo. Pacific: Alaska, Calif., Hawaii, Ore., Wash.

Current Travel Indicators - 1990

	Month	Value	Units	Percent Change Last Month	Year Ago	Year To Date
Establishment Receipts or Retail Sales						
Hotels, Motels, Other Lodging Places(1)	Sept	$5,154	million	-7.0	4.0	7.5
Eating and Drinking Places(2)	Sept	$15,486	million	1.0	6.2	5.4
Gasoline Service Stations(2)	Sept	$11,344	million	4.9	18.0	7.1
Commercial Lodging Demand						
Hotel/Motel Occupancy Rates(3)	Sept	63.7	percent	1.0	-2.5	1.0
Real Demand for Commercial Lodging(4)	Sept	63.4	million	-9.2	1.3	3.9
Airline Passenger Traffic (5)						
Domestic Revenue Passenger-Miles	Sept	25.2	billion	-22.2	2.4	2.8
Int'l Revenue Passenger-Miles	Sept	10.5	billion	-20.1	14.5	16.8
Highway Traffic Volume (6)						
Rural Arterial Passenger-Miles	August	51.0	billion	-13.0	1.5	3.6
Rail Passenger Traffic (7)						
Amtrak Passenger-Miles	Sept	461.3	million	-24.0	2.9	3.2
Travel Price Index (1982 - 84 = 100) (8)	Sept	139.6		-0.8	10.8	6.9
U.S. Resident Travel						
Total Person-trips(9)	Aug	151.1	million	-1.3	4.0	3.3
Vacation Person-trips(9)	Aug	117.7	million	2.2	8.4	4.3
Total Person-nights(10)	Aug	710.2	million	5.4	N/A	N/A
Vacation Person-nights(10)	Aug	612.0	million	10.7	N/A	N/A
Public Use of National Parks (11)						
Visits	Sept	25,585,871		-28.6	-5.1	-7.4
Overnight Stays	Sept	2,048,587		-40.1	-0.5	1.6
Foreign Arrivals to the U.S.						
From Overseas(12)	July	N/A		N/A	N/A	N/A
From Canada(13)	Sept	1,549,863		-36.6	17.1	13.2
From Mexico(12)	July	N/A		N/A	N/A	N/A
U.S. Citizen Departures						
To Overseas(12)	June	N/A		N/A	N/A	N/A
To Canada(13)	Sept	1,261,859		-42.8	-3.4	1.0
Domestic Demand for Gasoline						
Barrels/Day(14)	Sept	7,206	thousand	-7.3	-6.6	-1.0

(1) Source: Smith Travel Research, seasonally adjusted. (2) Preliminary; revised monthly. Source: Bureau of the Census. (3) Source: Smith Travel Research, seasonally adjusted, 1988 and 1987 data have been revised. (4) Smith Travel Research, unadjusted room nights sold. (5) Preliminary; U.S. scheduled service air carriers. Source: Air Transport Association. (6) Preliminary revised monthly. Source: Federal Highway Administration. (7) Source: National Railroad Passenger Corporation (Amtrak). (8) Source: U.S. Travel Data Center and Bureau of Labor Statistics. (9) Source: U.S. Travel Data Center. (10) U.S. Travel Data Center. Data is not comparable to earlier published numbers due to revised methodology. (11) Preliminary; unadjusted for differences in reporting units. Source: National Park Service. (12) Source: U.S. Travel and Tourism Administration. Mexican data reflect 194 arrivals only. (13) Statistics Canada. (14) Preliminary; Source: U.S. Department of Energy.

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